Industrial Revitalization Fund (IRF) Questions
Compiled from the *How to Apply* Workshops

Eligible Applicants

Can a <u>local redevelopment</u> authority be the applicant organization?

No. However, a city or town council or a board of supervisors can designate a redevelopment authority to administer the grant and implement the project. *(See program design, page 1.)*

Eligible End Uses

Can <u>mixed use projects</u> be a qualifying end use.

Yes. A project that includes both commercial and residential uses, such as bottom level retail or office space with residential units above is eligible. Keep in mind, however, that the intent of this program is to spur investment, creates jobs. Selected projects will have a high potential to serve as a catalyst for future revitalization in and around the project area. Proposals will be evaluated to determine the appropriateness and market (demand) for the potential end-use, and which closely align with the described priorities. *(See program design, page 4.)*

Can <u>office / administrative space</u> for a local redevelopment authority, unit of local government, or nonprofit, qualify as an end user of the project?

While there is nothing that specifically disallows this as an end use, the Program Design states that projects should serve a "market-driven purpose." Because a grant would be subsidizing space for a nonprofit organization or for general governmental use, that use in and of itself would not be market-driven. Connecting the project to broader market-driven economic strategies, such as office space that is part of a larger mixed-use strategy including market rate commercial use makes the project more attractive as well. Additionally, the IRF is funded through state General Funds and as such, the question of if this investment by the state is true to the intention of the program must also be considered. Also keep in mind that funds would likely be structured as a loan and it will be necessary to require payback through lease or other loan payments. *(See program design, page 1.)*

Can a <u>nonprofit end use</u> be eligible?

> In order for a private non-profit property owner to receive the funds, they would have to be in the form of a loan that would be paid back to the local government. An alternative structure would place ownership of the property with the local government (through a sale). Then the government, eligible to use the funding as a grant, leases the space to the nonprofit or contracts with a nonprofit to manage the activities taking place at the newly redeveloped site. *(See program design, page 1.)*

Eligible Activities

Can a <u>phase</u> of an ongoing project be funded?

> Yes. It is possible that a phase of an ongoing project could be funded; however, the application will need to clearly show that the project could not happen without the IRF investment. Additionally, it must be clear that the IRF funds are not replacing existing funding available from other sources. *(See program design, page 3.)*

Can the <u>acquisition</u> of a property be funded?

> Yes, but only as part of a comprehensive redevelopment strategy. DHCD can pay only up to the market value of the property. *(See program design, page 2.)*

Can <u>environmental review</u> be funded by the IRF?

> While environmental studies are allowed in the program design, the Industrial Revitalization Fund was intended for projects further along in their development. Additionally DEQ has a new Brownfields Restoration Fund available that can fund up to $50,000 per project. For more information, visit: http://www.deq.virginia.gov/brownfieldweb/homepage.html . *(See program design, page 2.)*

Eligible Properties

Does the structure have to be <u>vacant</u>?

> The structure must be vacant and blighted at the time the contract is signed. *(See program design, page 2.)*

Can an applicant locality or authority apply for the grant for a property that it has an <u>option to purchase</u>, but does not yet own.

> Yes. Please include a description of the potential ownership strategy once purchased, along with all relevant terms and conditions of the option.
>
> *(See application packet, page 18.)*

Eligible Match Sources

Can private investment, for instance property acquisition, be counted as a match?

> Yes. Match funds can come from private and public sources, including both Federal grants and grants from other state agencies, provided those funds were expended in the prescribed look-back period. *(See program design, page 3.)*

Can a tax abatement strategy (the foregoing of potential tax revenues for a limited period of time) be counted as a match from the applicant jurisdiction?

> No. The local match must either be cash or documented costs that are directly associated with the work being done on the property where IRF funds are expended. Keep in mind that the while the foregone revenue cannot be counted as a match, projects in an incentive district such as that would get one extra credit point. *(See program design, pages 3 and 5.)*

Can an infrastructure investment count as a match?

> Make your case and the review team will assess it. The investment would have to be one made directly on in the subject property. A broader investment that makes that development possible would not qualify. *(See program design, page 3.)*

On Loans to Private Developers

Do the terms of the loan affect the attractiveness of the application?

> No. The terms will be looked at in the negotiation phase for selected projects. Propose terms as part of the application. DHCD will use them to understand the proposal, but will not score the proposal higher or lower because of them.

Can loan terms be as lenient as a 0% loan for 20 years?

> Each applicant should propose the terms for the project loan. DHCD will review the terms and may require a change during the DHCD grant contract negotiations. In setting up your terms, be sure to consider how you will pay for the servicing of the loan if there is no interest charged, and how completely the private development aligns with the goals and strategies of the community as you've establish them. In the end, put forward what will make the project work for you but what is also reasonable in terms of state investment.

When you say that DHCD will <u>review the terms of a loan</u>, what does that mean?

> The fund is not allowed as a grant for private projects. Certain situations with extremely lenient loan terms would approximate a grant. Additionally, DHCD will have to do its own underwriting of the loan to ensure that investment makes sense. We need to know that the borrower has the capacity to carry the loan, and that the end use makes sense. To protect its investments, DHCD will ask for liens to be placed on funded projects in accordance with the level of investment. *(See program design, page 1.)*

What happens to the loan money as it is <u>paid back</u>?

> The repayment policy has not been finalized. Program staff is exploring repayment into the central statewide fund to attract ongoing investment in the IRF. However, if your community plan is built around an existing revolving loan fund aligned with your local or regional strategy with a proven record of effectiveness, include that information in your application.

Can <u>payback</u> be forgiven based upon other performance measures, such as job creation?

> No; it is very unlikely. However, if the project is otherwise a match, submit the applications, suggesting the loan terms that work locally. DHCD will review the loan terms if the project is selected, and may require a change in the terms.

Application Attachments

Do we need <u>a governmental </u>resolution if the applicant is a regional Economic Development Authority (EDA) or Industrial Development Authority (IDA)?

> A board action by the authority will suffice, however, demonstrated support of the local governing body will make a stronger case for the applicant project. This could be in the form of a resolution or reference to the project and end use in an approved planning document. *(See application packet, page 2.)*

Application Scoring

How do we demonstrate a <u>regional or local economic strategy</u>?

> Language directly taken from approved or pending documents by regional bodies can certainly demonstrate a regional strategy, other less formal, grassroots efforts can be sited as well. Just describe the effort, its intended outcomes, and list its local leaders and leadership organizations. *(See program design, page 4.)*

Can the Census data for our town be isolated to demonstrate distress?

> Yes. Provide Census data from the same data set or identify the data set. Use your narrative to explain why this more specific data better illustrates the distress in your community. *(See program design, appendix A.)*

How many extra credit points total are available?

> There are 5 total extra credit points available, one each for the five additional criteria identified in the program design and application. *(See program design, page 5.)*

Will an extra credit point be awarded if the proposed property is listed as a historic property, but the surrounding area is not a designated historic district.

> Include that information in the application and the review team will assess it on a case-by-case basis. Also, consider the implications of repurposing an historic property when assessing the potential project. *(See program design, page 5.)*

Application Process

With the blended process--applications ranked as they come in--aren't we better off to send the application as soon as you begin accepting them?

> Yes, communities will be best served to send in the application early. We begin reviewing with the first batch, which we expect will be sent in on September 9th. While the latest we will award grants is at the end of the calendar year, there is a chance that funds will be expended long before then. However, if you need additional time to put together a complete application, take the time first, do not submit an application that does not fully address those items required in the application package.

What should we do if we don't have time for our local government to pass a resolution before the due date of September 9?

> Send the application in without it. As Attachment A—where the resolution should be—include a schedule of public meetings and the anticipated date in which you expect to forward the resolution to DHCD. *(See application packet, page 2.)*

How do we keep in contact with you to track progress of the program?

> We will post information on the website at *www.dhcd.virginia.gov/irf* , and send the announcement of Industrial Revitalization Fund awards out to all attendees of workshops. Please also feel free to contact Chris Thompson (Chris.Thompson@dhcd.virginia.gov, 804-371-7056, or Doug Jackson (Douglas.Jackson@dhcd.virginia.gov, 276-780-3244).